



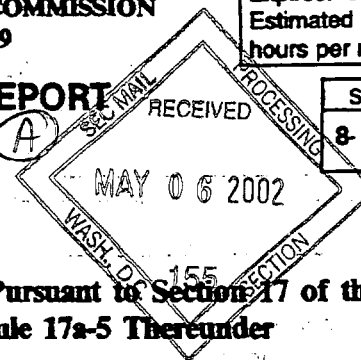
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UNITED STATES  
EXCHANGE COMMISSION  
Washington, D.C. 20549

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: September 30, 1998  
Estimated average burden  
hours per response . . . 12.00

SEC FILE NUMBER  
8- 35871



**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01-01-2001 AND ENDING 12-31-2001  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

SEWARD, GROVES, RICHARD & WELLS, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

36 WEST 44th STREET

OFFICIAL USE ONLY

FIRM ID. NO.

(No. and Street)

NEW YORK

N.Y.

10036

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

KENNETH P. WLOSEK

(Area Code — Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

JORDAN, MICHAEL JOSEPH

(Name — if individual, state last, first, middle name)

521 FIFTH AVENUE

NEW YORK, N.Y.

10175

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAY 20 2002

THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (3-91)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, KENNETH P. WLOSEK, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SEWARD, GROVES, RICHARD & WELLS, INC., as of

12-31, 192001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE

Deborah Zappulla  
Notary Public

Kenneth P. Wlosek  
Signature  
Managing Director  
Title

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition. CASH FLOWS
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- N/A ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- N/A ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- N/A ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- N/A ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- N/A ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Board of Directors,

Seward, Groves, Richard & Wells, Inc.

We have audited the accompanying statement of financial condition of Seward, Groves, Richard & Wells, Inc., as of December 31, 2001, and the related statements of income, retained earnings, cash flow, changes in stockholders equity and net capital computation for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seward, Groves, Richard & Wells, Inc., as of December 31, 2001, and results of its operations and its cash flow for the year the ended in conformity with generally accepted accounting principles.



Michael J. Jordan  
Certified Public Accountant

February 21, 2002

SEWARD, GROVES, RICHARD & WELLS, INC.  
STATEMENT OF FINANCIAL CONDITION  
AS OF DECEMBER 31, 2001

ASSETS

CURRENT ASSETS

CASH & CASH EQUIVALENTS	<u>\$16,044</u>	
TOTAL CURRENT ASSETS		\$16,044
<u>OTHER ASSETS</u>		
INVESTMENTS		<u>3,300</u>
TOTAL ASSETS		<u>\$19,344</u>

LIABILITIES & STOCKHOLDERS EQUITY

LIABILITIES

CURRENT LIABILITIES

ACCOUNTS PAYABLE & ACCRUED TAXES	<u>\$9,192</u>	
TOTAL CURRENT LIABILITIES		\$9,192

STOCKHOLDERS EQUITY

CAPITAL STOCK

COMMON STOCK - 1000 SHARES ISSUED AND OUTSTANDING	19,000	
PAID IN CAPITAL	5,000	
RETAINED EARNINGS (DEFICIT)	<u>(13,848)</u>	
TOTAL STOCKHOLDERS EQUITY		<u>10,152</u>
TOTAL LIABILITIES & STOCKHOLDERS EQUITY		<u>\$19,344</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

SEWARD, GROVES, RICHARD & WELLS, INC.  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2001

INCOME

CONCESSIONS	\$ 91,419	
INTEREST	25,357	
OTHER	<u>8,730</u>	
		\$125,506

EXPENSES

COMMISSIONS	121,820	
TRAVEL & ENTERTAINMENT	4,357	
PROFESSIONAL SERVICES	50	
BANK CHARGES	132	
NASD FEES	<u>1,652</u>	<u>128,011</u>
NET (LOSS)		\$ (2,505)
RETAINED EARNINGS (DEFICIT) AT JANUARY 1, 2001		<u>(11,343)</u>
RETAINED EARNINGS (DEFICIT) AT DECEMBER 31, 2001		<u>\$(13,848)</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

SEWARD, GROVES, RICHARD & WELLS, INC.  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED DECEMBER 31, 2001

CASH FLOW FROM OPERATING ACTIVITIES:

NET (LOSS) \$(2,505)

CHANGES IN THE CURRENT ACCOUNTS:

NET INCREASE IN ACCOUNTS PAYABLE AND  
ACCRUED EXPENSES 4,692

CASH FLOW FROM OPERATING ACTIVITIES 2,187

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR, 1-1-01 13,857

CASH AND CASH EQUIVALENTS AT END OF YEAR, 12-31-01 \$16,044

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

SEWARD, GROVES, RICHARD & WELLS, INC.  
STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2001

BALANCE ON STOCKHOLDERS EQUITY AT DECEMBER 31, 2000	\$ 12,657
NET (LOSS) FOR THE YEAR ENDED DECEMBER 31, 2001	<u>(2,505)</u>
BALANCE IN STOCKHOLDERS EQUITY AT DECEMBER 31, 2001	<u>\$ 10,152</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

SEWARD, GROVES, RICHARD & WELLS, INC.  
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1  
AS AT DECEMBER 31, 2001

NET CAPITAL	
Total Stockholder's Equity	\$10,152
LESS: NON ALLOWABLE ASSETS	<u>3,300</u>

Net capital before haircuts on security positions	<u>\$ 6,852</u>
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NET CAPITAL	<u>\$6,852</u>
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COMPUTATION OF AGGREGATE INDEBTEDNESS	
Total Liabilities	<u>\$ 9,192</u>

COMPUTATION OF NET CAPITAL REQUIREMENT

Net Capital requirement-greater of 6 2/3% indebtedness or \$5,000-	<u>\$ 5,000</u>
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Excess net capital	<u>\$ 1,852</u>
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Excess net capital if 1,000%(net capital less 10% of aggregated indebtedness)	<u>\$ 5,932</u>
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Ratio: Aggregate indebtedness to net capital	1.340 to 1
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SEWARD, GROVES, RICHARD & WELLS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

Significant Accounting Policies:

NOTE 1 Seward, Groves, Richard & Wells, Inc. is a securities broker-dealer licensed and qualified to transact business under the Securities and Exchange Act of 1934. the company acts as a broker-dealer in the sale of interest of direct participation programs. Commission income is recorded ten days after the later of (1) the closing of the offering or (2) the receipt of gross proceeds by the partnership firm units sold by Seward, Groves, Richard and Wells, Inc.

2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3 Cash Segregated Under Federal Regulation

Pursuant to the Securities and Exchange Commission's Rule 15c3-3 SGRW must calculate the reserve requirement and segregate cash and/or securities for the exclusive benefit of the customers on a periodic basis. The reserve requirements calculated by SGR&W was \$-0- at December 31, 2001.

4 Cash Flows.

For the purposes of the statement of cash flows, SGR&W considers all liquid investments with a maturity of three months or less to be cash equivalents.

MICHAEL J. JORDAN  
CERTIFIED PUBLIC ACCOUNTANT

521 FIFTH AVENUE  
NEW YORK, N.Y. 10175 (212) 292-4444

February 21, 2002

Board of Directors  
Seward, Groves, Richard & Wells, Inc.

Gentlemen:

There were no material differences in the reconciliation of the audit computation of Net Capital and the corresponding Focus Part IIA

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael J. Jordan".

Michael J. Jordan, C.P.A.

February 21, 2002

Board of Directors  
Seward, Groves, Richard & Wells, Inc.

RE: Independent Auditor's  
Report on Internal  
Accounting Control  
Required by SEC Rule 17a-5

Gentlemen:

We have examined the consolidated financial statements of Seward, Groves, Richard & Wells, Inc., for the year ended December 31, 2001, and have issued a report thereon dated February 21, 2002. As part of our examination, we made a study and evaluation of the company's system of internal accounting control, to the extent we considered necessary, to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

The management of the company is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system and the practices and procedures are to provide management with reasonable, but not absolute, assurance that the assets for the Company has responsibility are safeguarded against loss from unauthorized use or disposition; and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted principles.

Our study and evaluation made for the limited purpose described in the first paragraph, would not necessarily disclose all the material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Seward, Groves, Richard & Wells, Inc., taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

This report is intended solely for the use of management and the NASD, or the Securities & Exchange Commission and should not be used for any other purpose

Sincerely,



Michael J. Jordan, C.P.A.

**FORM  
X-17A-5**

# FOCUS REPORT

(Financial and Operational Combined Uniform Single Report)

## Schedule I

INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17

Report for period beginning 01/01/2001 and ending 12/31/2001  
[8005] [8006]

SEC File Number: 35871  
[8011]

Firm ID: 17963

1. Name of Broker Dealer: SEWARD, GROVES, RICHARD & WELL  
[8020]

2. Name(s) of broker-dealer(s) merging with respondent during reporting period:

Name: _____	Phone: _____
[8053]	[8057]
Name: _____	Phone: _____
[8054]	[8058]
Name: _____	Phone: _____
[8055]	[8059]
Name: _____	Phone: _____
[8056]	[8060]

3. Respondent conducts a securities business exclusively with registered broker-dealers: Yes ☐ No ☒ [8073]

4. Respondent is registered as a specialist on a national securities exchange: Yes ☐ No ☒ [8074]

5. Respondent makes markets in the following securities:

(a) equity securities	Yes <input type="radio"/> No <input checked="" type="radio"/> [8075]
(b) municipals	Yes <input type="radio"/> No <input checked="" type="radio"/> [8076]
(c) other debt instruments	Yes <input type="radio"/> No <input checked="" type="radio"/> [8077]

6. Respondent is registered solely as a municipal bond dealer: Yes ☐ No ☒ [8078]

7. Respondent is an insurance company or an affiliate of an insurance company: Yes ☐ No ☒ [8079]

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8. Respondent carries its own public accounts: Yes ☐ No ☒ [8084]

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9. Respondent's total number of public customer accounts:

(carrying firms filing X-17A-5 Part II only)

(a) Public customer accounts \_\_\_\_\_ [8080]

(b) Omnibus accounts \_\_\_\_\_ [8081]

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10. Respondent clears its public customer and/or proprietary accounts: Yes ☐ No ☒ [8085]

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11. Respondent clears its public customer accounts in the following manner:

(a) Direct Mail (New York Stock Exchange Members Only) ☐ [8086]

(b) Self Clearing ☐ [8087]

(c) Omnibus ☐ [8088]

(d) Introducing ☐ [8089]

(e) Other ☐ [8090]

(f) Not Applicable ☒ [8091]

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12. (a) Respondent maintains membership(s) on national securities exchange(s): Yes ☐ No ☒ [8100]

(b) Names of national securities exchange(s) in which respondent maintains memberships:

(1) American ☐ [8120]

(2) Boston ☐ [8121]

(3) CBOE ☐ [8122]

(4) Midwest ☐ [8123]

(5) New York ☐ [8124]

(6) Philadelphia ☐ [8125]

(7) Pacific Coast ☐ [8126]

(8) Other ☐ [8129]

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13. Employees:

(a)	Number of full-time employees	_____	3	
			[8101]	
(b)	Number of full-time employees registered representatives employed by respondent included in 13(a)	_____	2	
			[8102]	

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14.	Number of NASDAQ stocks respondent makes market	_____	0	
			[8103]	

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15.	Total number of underwriting syndicates respondent was a member	_____	0	
			[8104]	

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16.	Number of respondent's public customer transactions:			
		<u>Actual</u> <input checked="" type="radio"/>	<u>Estimate</u> <input checked="" type="radio"/>	
(a)	equity securities transactions effected on a national securities exchange	_____		[8107]
(b)	equity securities transactions effected other than on a national securities exchange	_____		[8108]
(c)	commodity, bond, option, and other transactions effected on or off a national securities exchange	_____		[8109]

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17.	Respondent is a member of the Securities Investor Protection Corporation	Yes <input checked="" type="radio"/>	No <input checked="" type="radio"/>	[8111]
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18.	Number of branch offices operated by respondent	_____	0	
			[8112]	

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19.		Yes <input checked="" type="radio"/>	No <input checked="" type="radio"/>	[8130]
(a)	Respondent directly or indirectly controls, is controlled by, or is under common control with a U.S. bank			
(b)	Name of parent or affiliate	_____		[8131]
(c)	Type of institution	_____		[8132]

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20.	Respondent is an affiliate or subsidiary of a foreign broker-dealer or bank	Yes <input checked="" type="radio"/>	No <input checked="" type="radio"/>	[8113]
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21.		Yes <input checked="" type="radio"/>	No <input checked="" type="radio"/>	[8114]
(a)	Respondent is a subsidiary of a registered broker-dealer			
(b)	Name of parent	_____		[8116]

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22.	Respondent is a subsidiary of a parent which is not a registered broker or dealer	Yes <input checked="" type="radio"/>	No <input checked="" type="radio"/>	[8115]
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23. Respondent sends quarterly statements to customers pursuant to Rule 10b-10(b) in lieu of daily or immediate confirmations:

Yes ☐ No ☒ [8117]

\* Required in any Schedule I filed for the calendar year 1978 and succeeding years.

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24. Aggregate Dollar Amount of Non-Exempted OTC Sales of Exchange-Listed Securities Done by Respondent During the Reporting Period

0  
[8118]

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N.A.S.D. Miscellaneous Information

Annual Municipal Income

0  
[8151]